

## ATTACHMENT 6

## Yanking pay phones is like pulling plug on people's lives

By Rob Borsellino  
February 22, 2001

By the time she was 30, J.B. had a dying husband, a 5-year-old kid, a small, dark apartment in the projects and a dead-end factory job. She was making about \$40 a week, lousy money even back in the mid-1950s. A year later she was a widow and that \$40 was the only thing between her and the street.

She had to sell the car, take the kid out of Catholic school and give up any hope of moving out of the projects. Movies and an occasional dinner out were pretty much a thing of the past. She started walking to work, saving the \$2-a-week bus fare and using it for small luxuries like ice cream or pizza or the kid.

There were other day-to-day things she had to give up, a lot of it painful. But nothing hurt as bad as having the phone turned off when she couldn't pay the bill. That meant she had to go up the block to the candy store to use the pay phones. That store was the local nerve center, the hangout. So she'd be standing there waiting to make a call and her neighbors were dropping in to get a pack of cigarettes, coffee or a newspaper.

J.B. felt like she was wearing a sign that said: "I'm broke."

And it was even rougher on her kid. He'd be waiting to talk to his grandmother while his friends were in and out of there getting baseball cards, a soda, thumbing through a comic book. Most had the decency to make believe they didn't see him. A few had to be jerks about it.

This went on until the kid was about 11 and got a paper route. With

that money they had the phone turned on, but the trauma stayed with them for years.

I got to thinking about J.B. the other day when I saw that some of the honchos in Delray Beach are trying to get the public phones pulled from the western edge of Atlantic Avenue. They say those phones are fueling a crime problem. Get rid of them and you help clean up that area.

What caught my eye was a line from Rosalind Murray, a city official who said: "I bet that 99 percent of the people who use them are undesirables."

It seemed like a pretty cold thing to say. I wanted to see for myself. So I went and hung out near the front of the Atlantic Grocery on Seventh to see who came by to use the pay phones.

First up was Rhoda Wilson, a single mother who works as a bookkeeper down the street. Her son was home sick and she was checking in. She doesn't like to use the phone at work for personal calls. Wilson hadn't heard about the push to get rid of the phones and had a hard time believing it.

"This is a neighborhood grocery store. You come out, you use the phone. People in their cars pull over all the time to use the phone. What is the problem?"

Criminals? Drug dealers?

"Drug dealers have cell phones and beepers. You think they're going to stand here in the middle of the busiest street around here and use the phone? They probably figure it's tapped anyway."

She headed back to work and a few minutes later Charles Alford came by. He's a landscaper, lives around the

corner and rarely uses the pay phones. But he's glad the phones are out there because a lot of folks need them. Alford heard they might be pulled, and he wasn't surprised.

"There are people around here who think everything about this neighborhood is a problem. It's not about phones. It's about this community. Most of the people down here are working hard to raise their kids and they get treated like they're all criminals."

Fred McCrimion, a trucker from Lake Worth, stopped by to call his girlfriend. A guy on a bike pulled up to let his wife know he'd be home in an hour.

Lisa couldn't carry her groceries and needed a ride back to Linton Boulevard. She called a friend, then sat on the curb and waited.

"I've got AIDS and I get tired quick. If they take these phones away I don't know what I'm going to do. We need these. Things happen around here and we got to call the cops, paramedics. It's unfair."

Her ride showed up, she left and others came by to use the phones. They weren't the best-dressed, most articulate folks you'd meet in Delray Beach. They were a mix of street people and working class, mostly locals, some just passing through town. Some were real slick, some had a few rough edges.

They were the kind of folks you'd have found waiting on line with J.B. and her kid

*Rob Borsellino is the local columnist in Palm Beach County for the Sun-Sentinel.*

## ATTACHMENT 7

**THE END OF THE LINE? ; THE POOR AND ELDERLY ARE AMONG THOSE MOST  
DISADVANTAGED**

BUSINESS; Pg. B1; 1591 words

The Record

To most North Jersey residents, telephones are as much a part of their homes as a mailbox, a television, or the kitchen sink. But for some, especially urban residents, a home phone is a luxury beyond their means.

As a result, even as more and more of their neighbors upgrade to cellphones, pagers, and all sorts of high-tech communication gizmos, leading to the elimination of nearly a quarter of the nation's pay phones in just four years, many consumers continue to rely almost exclusively on public phones as a vital link to friends, relatives, jobs, and merchants.

"There's a significant constituency," said Vincent Sandusky, executive director of the American Public Communications Council, a Fairfax, Va.-based trade association representing 1,600 non-Bell-affiliated telephone companies.

More than 5.5 million homes, including an estimated 25 percent of urban poor households, do not have basic telephone service. These households rely on [pay telephones] for all kinds of calls, from the mundane to the emergency, he said.

The dramatic growth in cellphones, especially since 1998, has cut into pay-phone business. The industry peaked at 2.6 million pay phones in the United States in 1996, after new federal regulations opened the market to competition, but by last year the number had dropped more than 23 percent, to 2.06 million, Sandusky said.

At the same time, usage of remaining phones continues to fall, with volume per phone declining from an average of 712 calls a month in 1996 to about 500 now, Sandusky said.

Much of the business has gone to wireless communications. The number of cellphone subscribers, which was under 1 million until 1987, grew from 69 million in 1998 to 110 million last year, according to the Cellular Telecommunications & Internet Association, a Washington-based trade organization.

As Barbara Silkworth, president of the New Jersey Pay Telephone Association, put it, "Business is not what it used to be, and not what we would like it to be. But pay phones are still around."

The outlook is bleak enough that one of the nation's largest telephone companies, BellSouth, recently announced it would get out of the pay phone business. BellSouth operated 143,000 pay phones.

"They're just going to walk away," Sandusky said. "They can make more money selling dial tone to pay-phone providers. That's a pretty strong statement about the state of the industry right now."

Maybe so, but pay phones are still important to people such as Eva Beesley of Wallington and Starr ("I'm like Madonna; I have just one name"), who lives in Paterson.

"They're definitely a necessity," Starr said after making a call at a pay phone on Main Street in the bustling South Paterson neighborhood.

"I have no phone in my house."

Large segments of the population, particularly in the urban areas, Newark, Jersey City, the Oranges, Paterson, New Brunswick, Dover, Elizabeth, Trenton, and Camden, still use pay phones almost exclusively, said Arthur Cooper, the owner of Actel Inc., a Cedar Knolls-based private pay phone owner.

Cooper, whose company owns 300 phones in New Jersey, said his "best guesstimate" is that 20 percent of the people in the inner cities, where most of his phones are installed, lack phones of their own. Even people who can afford monthly payments are sometimes denied phones because of their "inability to maintain a credit relationship," he said. "They are precluded from having cellphones for the same reason."

Verizon Communications Inc. does not require a deposit if the customer had service in the last three years and has good credit, said spokeswoman Lacy Yeatts. But others must pay \$ 100 or more. The amount is equal to two months billing for the average New Jersey customer, Yeatts said.

That's Starr's problem. "They wanted \$ 100," she said. "Prepaid."

But she can afford a pager, so Starr receives messages on her pager, and uses pay phones to get back to callers.

Even as the number of pay phones drops steadily, people in South Paterson have no trouble finding one. There are as many as six on some blocks, bolted to the facades of local businesses or standing atop curbside poles, topped by their easy-to-spot signs. Additional 1 phones are in stores and bars.

Some are owned by the long-established Verizon,, the former Bell Atlantic, and many customers consider those phones the most reliable, Beesley said. But others carry less familiar names, such as Crescent Telephone Co., Phone Tech Inc., or Cooper's Actel. Some of them offer discounted rates.

Pay phones are plentiful in other blue-collar areas dominated by foreign-born residents, such as near the intersection of Anderson and Fairview avenues on the Fairview-North Bergen border, and even in more upscale business districts, such as Main Street in Fort Lee and Cedar Lane in Teaneck.

William Gray invented the unattended coin pay phone in 1889 and installed the first one at a bank in Hartford, Conn. Pay-phone technology didn't change much between 1913, with the invention of the three-slot phone, and 1965, when modern, single-coin models debuted. The industry changed radically in 1984, when the Federal Communications Commission ruled that local phone companies had to open their networks to competitors. Quickly, the established utilities lost their monopolies. A quarter of the nation's 2 million pay phones are now owned by independents.

But after more than a century of growth, pay phone use is declining, and the phones are becoming hard to find in the suburbs, airports, and college campuses and along highways.

"In Wallington, there are no pay phones for four blocks," Beesley said.

And the volume of calls from many of those phones, as well as those at highway gas stations, has fallen, Cooper said. "It's not that the pay phones aren't used at all, but use is on the decline," he said.

When that happens, phone owners pull the plug. It costs a company about \$ 2,000 for equipment and installation and to procure a location, and there are ongoing costs for line rentals and commission to the site's owner, Cooper said.

Blame it on the dramatic growth in wireless use over the last 2 1/2 years or so, said Paul Francischetti, vice president of marketing and business development for Verizon's public communications group.

"There's no question. This is a tough business and it has become even tougher," Francischetti said.

Although wireless use was cutting into pay phone business for years, the impact has been greatest since the fall of 1998, he said.

"That's when the real cellphone price wars erupted, with flat rates, nationwide coverage, free minutes. That's when the curve started changing. We saw a real dramatic change in wireless use, and that translated into a downward trend in pay phone usage."

Even with the slippage, and Bell South's decision, Verizon has no intention to exit the business, Francischetti said.

"We have different market demographics than Bell South, the kind of core users of pay phones," he said. "We tend to have more larger urban areas, we tend to have more people who still use pay phones, and use them frequently," he said.

Pay phones also remain important for "a significant segment of the working population," and it's not just the 1 "unsubscribed," like Starr and Beesley, who don't have land-lined phones.

There also are people who don't have access to a phone at work, and for whom cellphones are impractical, Francischetti said.

"I come to work, and have access to a phone on my desk," he said.

"But a large segment of the population, mostly blue collar, factory, restaurant, or service industry workers, have no access to a phone, except a pay phone in the break room or cafeteria."

There also are "wireless gap" users, who turn to pay phones because their cellphones don't work, Francischetti said. "Ten years ago, they used pay phones and wireless only when couldn't find one. Nowadays, we're seeing that kind of reversed. The 'gap phone is the [pay phone]."

"It's great when your cellphone batteries die," said Mustafa Tugezin of Paterson, who said he uses public phones often.

Pay phones also are important in group homes, halfway houses, rehabilitation centers, and other institutions that can't afford to supply all their residents communications needs, said Elaine Meyerson, executive director of Shelter Our Sisters, a Bergen County residence for women who are victims of domestic violence.

Residents rely on pay phones, Meyerson said. "They need to communicate about jobs, housing, and it gets very costly."

Heavy users also include the "pre-adult" market, a segment that cuts across socioeconomic lines, and people at airports and railroad and bus stations.

"Most of those places are dominated by multiple banks of phones, never a single phone, and we're starting to see the banks getting smaller," Francischetti said.

"Maybe five years ago, three years ago, they needed five pay phones in a bank. Now they need only four. A lot of the decline in the number of pay phones is reflective of the number of phones in banks."

That's what happened at Ramapo College in Mahwah. Two years ago there were 71 pay phones on campus; and now there are 36, including four in a new building, said spokeswoman Bonnie Franklin.

The reason? They weren't profitable.

## ATTACHMENT 8



Financial Times (London)  
May 16, 2001, Wednesday Surveys ITII  
SECTION: SURVEY - FT TELECOMMS; Pg. 11

HEADLINE: Vanishing from the landscape: PAYPHONES IN THE US by Stephanie Kirchgaessner: Despite the importance of payphones to less advantaged communities, call box operators are abandoning the market:

BYLINE: By STEPHANIE KIRCHGAESSNER

Millions of Americans may have mobile phones, and the vast majority of the population have fixed lines, but for those who have neither, the payphone network can be a lifeline.

Even in the 21st century, nearly 5 per cent of US households are without any phone service. This creates the need for programmes such as Community Voicemail, which gives people who need communication, but do not have access to phones, a phone number and voicemail system, so that messages can be left for them and retrieved, usually from payphones.

The programme, available in 38 cities across the US, is targeted at the poor and the homeless, who need access to messages to alert them to jobs, and who are almost impossible to contact through the shelters in which they live.

It is also aimed at battered, desperate women such as Cheryl.

She could not use the phone at her home, for fear that her abuser would rip it out of the wall and hit her. Instead, she would use payphones to access messages from counsellors who convinced her to leave.

Unfortunately the programme, which provides a basic but essential function, could face serious obstacles if current trends in the telecoms industry continue. The payphone, once ordinary and readily accessible, is disappearing from the American landscape. Since 1998, the number of payphones available has decreased by 400,000 and now stands at 2.2m nationwide.

Just last month, BellSouth, a Baby Bell that covers the southeast of the US, said it would quit the payphone business by December of 2002, focusing its attention instead on the future of its business; its wireless communications businesses, which includes wireless telephones and pagers and has already seen explosive growth over the past few years.

BellSouth's decision to abandon its 143,000 payphones, which may be picked up by alternative carriers, is not surprising. The company says it saw a dramatic decrease in usage after 1998, the year wireless telecoms companies started offering packages of minutes combined with mobile phones at a reasonable price and usage rates of mobiles skyrocketed.

Decreased use of payphones for people on the go since the advent of the mobile is not the only factor hitting payphone providers' businesses. BellSouth, along with Verizon, and private payphone operators are not paid for about 35 per cent of the calls made from their phones, according to Vince Sanbusky, president of the American Public Communications Council (APCC), a trade organisation which represent private payphone operators.

Until recently, payphone service providers, such as Verizon, faced the impossible: they had to collect compensation for coinless (prepaid) calls made from their payphones by multiple carriers that could not be tracked.

For example, in the past, a company like WorldCom sold minutes of payphone usage to resellers, or companies that sell calling cards and other methods of coinless phone service. Verizon has, over the past few years, been forced to turn to the resellers, not WorldCom, to receive payment. The task was largely impossible, because resellers, of which there are hundreds, were impossible to track.

In April, however, the Federal Communications Commission released an order that would modify the way payphone carriers collect their money, placing the responsibility of collecting the revenues from toll free calls on the first carrier of the call, or, in this case, WorldCom, which, for Verizon, could easily be traced.

Though payphone operators see the order as a move in the right direction by the FCC, Verizon, among others, says it has taken the US telecoms regulator too long to find a solution to a problem that has caused the payphone industry to lose what the APCC estimates to be about Dollars 300m per year.

However, despite the drawbacks, Verizon says it will remain in the payphone business, unlike BellSouth.

"We have started with about 400,000 payphones worldwide, and we intend to stick with them," Jim Smith, a Verizon spokesperson, says.

"With the challenges of wireless, we need to enhance our product line, so we have things in the marketplace that people in motion might need - such as internet kiosks. We are also experimenting with computer modem ports in payphones," Mr Smith adds.

Taxicab and bus users may even find a mobile payphone at their disposal down the road, he says.

In a time of declining revenue, Verizon is removing phones from some areas to increase returns from other areas. But cutting back in some localities does not mean the company is ruling out making a gain in market share in other lucrative areas, particularly as BellSouth makes its exit.

Meanwhile, Richelet Jean, director of Community Voicemail in New York, says the elimination of payphones contributes to a growing digital divide,

and ignores a huge part of the population that uses them for everything from emergency calls to long-distance services.

"The payphone around the corner becomes the connection to everyday life," Mr Jean says.

## ATTACHMENT 9

## **The Bismarck (ND) Tribune**

Shrinking revenues lead to a few less pay phones

JOE GARDYASZ , Bismarck Tribune

The only thing worse than not being able to get change for the pay phone: Not finding a pay phone when you really need one.

Public pay phones are disappearing from the American landscape, and North Dakota's no exception. In just the past month, pay phone companies have reduced the number of phones at Bismarck's Civic Center, the airport and around downtown.

Around North Dakota, pay phones are particularly important in poor communities such as the Standing Rock Reservation. Most people on the reservation don't have phones, and it's about a mile into Fort Yates to use one of a handful of pay phones.

At Bismarck's middle schools and high schools, free courtesy phones have replaced pay phones completely, which administrators say has proven a better service to students.

According to the American Public Communications Council, there are now about 2.2 million pay phones in service around the country, about 400,000 fewer than just two years ago.

Nationally, the majority of pay phones are operated by large "local exchange carrier" companies such as Qwest.

Like the other former Baby Bells, Qwest has cut back considerably on pay phones in recent years. Others, such as BellSouth, have opted to hang up the pay phone business entirely.

Qwest, formerly U S West, sold 400 of its North Dakota pay phones to a rural exchange carrier in 1997. Additionally, the company has taken about 20 percent of its remaining pay phones in North Dakota out of service since 1998, spokesman Kent Blickensderfer said. Qwest now operates 938 pay phones in the state, compared to nearly 1,200 three years ago.

The remainder of pay phones nationwide, about 400,000, are operated by independent pay phone providers that pay local exchange carriers for access lines.

U.S. Telecoin, a pay phone company operating in 17 states, has taken about 30 percent of its phones out of service in the past three years, said Albert Mokry, the company's president. In North Dakota, the Dallas-based company has cut back from 330 phones to just fewer than 250.

With the increasing use of 800 numbers, dial-around long distance services and calling cards, the pay phone providers are getting reimbursed for only a fraction of the actual calls being made, Mokry said. At the same time, pay phones are being used less as cell phones become more prevalent.

Many of the phones that have been pulled were in libraries, schools and parks, the type of less profitable locations the companies have subsidized in the past with revenue from busier locations, he said.

Cell phone usage has also reduced pay phone revenues, but not so much in rural areas because there aren't as many cell towers there, he said.

"To me, it's a pretty simple issue," Mokry said. "We're having to take out phones that once were profitable. And locations that once were two-phone locations are one-phone or no-phone locations."

Hit hardest

Meanwhile, the trend of disappearing pay phones is hitting the poor and rural communities the hardest, according to the APCC. The council estimates one in four poor Americans living in rural areas lack basic home telephone service. It also estimates that 86 percent of rural households and 92 percent of poor households don't own a cell phone.

Residents on the Standing Rock Reservation have access to four public pay telephones, each located at Fort Yates.

Until last year, there had been just one at the police station, according to the tribal chairman's office. Additional phones were installed at the two service stations and the liquor store to cut down on calls being made from the chairman's phone, however.

The phone bill for the chairman's office reached \$4,000 a month because of tribal members using the phone for non-emergency calls, said Pearl Three Legs, executive clerk to the tribal chairman.

Now, members are sent directly to the appropriate department and are allowed to use the phone only for actual emergencies, such as a death in the family, she said.

Having a pay phone or two near the residential areas would be helpful, Three Legs said. "There's quite a difference to walk in to town. It's a good mile, three-quarters of a mile to walk in to use the phone."

In March, some pay phones contracted to the city of Bismarck went out of service after the company providing the phones went bankrupt. The

new [pay phone] provider, U.S. Telecoin, has since cut back the number of phones at each location. The Bismarck Civic Center, for instance, went from 12 phones to eight.

"You're seeing more and more people using cell phones," Civic Center Manager Dick Peterson said. "Our concern is individuals who come to an event who need to communicate to get a ride." There is a free courtesy phone people can use for local calls, however.

There are also fewer pay telephones at the airport, where seven out of 17 phones were recently removed. The explosion in cell phone usage has been a factor, Airport Manager Greg Haug said.

"You hate to lose any of them at any time, but the bottom line is they've got to be able to cover their costs and make a small amount of money off the service provided," he said.

Other high-tech conveniences may assist travelers in at least more easily e-mailing their offices. Haug said he has been approached by a company interested in installing a wireless Internet for the airport.

#### More efficient

In the Bismarck School District, many of the schools have replaced pay phones with free courtesy phones in the past couple of years, said Jerry Gusaas, the district's director of buildings and grounds.

"It's way more efficient to pay just the line charge than to pay for the (pay) phone system because they weren't being used enough," he said. The phones each have a block on them to prevent long distance calls from being made.

The only added cost was buying some durable phones, he said.

The school district is also experimenting with courtesy phones at several of the elementary schools in the gyms for people to use following after-hours events.

"It's awful nice for people to have that option," Gusaas said. "Kids don't have to dig for 35 cents. I suppose a lot of them have cell phones, though."

## ATTACHMENT 10



**Payphone Density Per Square Mile**  
(as of 3/31/01)

State	Payphones as of 3/31/01	Land Area (square miles)	Payphones per Square Mile
Alabama	21,894	50,744	0.43
Alaska	4,594	571,951	0.01
Arizona	37,326	113,635	0.33
Arkansas	15,006	52,068	0.29
California	246,580	155,959	1.58
Colorado	25,863	103,718	0.25
Connecticut	24,197	4,845	4.99
Delaware	5,433	1,954	2.78
District of Columbia	8,635	61	141.56
Florida	107,213	53,927	1.99
Georgia	58,222	57,906	1.01
Hawaii	8,196	6,423	1.28
Idaho	6,435	82,747	0.08
Illinois	95,145	55,584	1.71
Indiana	38,114	35,867	1.06
Iowa	10,155	55,869	0.18
Kansas	15,881	81,815	0.19
Kentucky	21,244	39,728	0.53
Louisiana	26,290	43,562	0.60
Maine	6,980	30,862	0.23
Maryland	37,783	9,774	3.87
Massachusetts	50,976	7,840	6.50
Michigan	69,361	56,804	1.22
Minnesota	20,621	79,610	0.26
Mississippi	15,295	46,907	0.33
Missouri	36,543	68,886	0.53
Montana	5,673	145,552	0.04
Nebraska	9,539	76,872	0.12
Nevada	17,006	109,826	0.15
New Hampshire	7,851	8,968	0.88
New Jersey	86,533	7,417	11.67
New Mexico	10,378	121,356	0.09
New York	175,045	47,214	3.71
North Carolina	43,598	48,711	0.90
North Dakota	2,303	68,976	0.03
Ohio	68,850	40,948	1.68
Oklahoma	22,321	68,667	0.33
Oregon	20,780	95,997	0.22
Pennsylvania	84,209	44,817	1.88
Rhode Island	8,287	1,045	7.93
South Carolina	26,053	30,110	0.87
South Dakota	4,364	75,885	0.06
Tennessee	31,593	41,217	0.77
Texas	135,247	261,797	0.52
Utah	11,378	82,144	0.14
Vermont	3,593	9,250	0.39
Virginia	49,378	39,594	1.25
Washington	34,274	66,544	0.52
West Virginia	11,017	24,078	0.46
Wisconsin	32,623	54,310	0.60
Wyoming	3,765	97,100	0.04

## ATTACHMENT 11

## REMOVAL OF MANY PAY PHONES POSES PROBLEMS FOR SMALL-TOWN RESIDENTS

**ECONOMICS: COMPANIES BLAME COMPETITION FROM CELL PHONES AND 800 NUMBERS. BUT SOME PEOPLE SAY THE SERVICE IS THEIR LIFELINE.**

January 22, 2001  
By Bettina Boxall  
Times Staff Writer

The pay phone in Goodyears Bar, population 100, is gone. So is the one in Gazelle, population 400, and the one at the public school in pint-sized Pike.

The ubiquitous pay phone is disappearing from lonely outposts and city street corners throughout the state, the victim of cellular phone competition and other economic pressures.

In the last year, companies yanked out about 1,000 pay phones a month in California. No one is predicting that coin box phones will vanish from the landscape, but their declining numbers are stirring outcries in rural settlements and urban neighborhoods alike.

The loss is particularly painful in the back country, where cell phones may not work and some residents may not have a phone line to their house.

It doesn't sound really serious when you say, 'Take a pay phone out here and there,' if you live in a city," said Siskiyou County Supervisor Bill Hoy. "But when you take one out of a community and it's 10, 20 miles or 100 miles to the next pay phone, it's different."

Since Gazelle, a farm and ranch community about 20 miles from Mt. Shasta, lost its lone pay phone last fall, Postmaster Barry Thomsen has had to come to the rescue of a local woman with pneumonia and a man who ran out of kerosene to heat his trailer.

They both asked him to phone for help, which he did.

"I just wonder, if there's a real emergency when I'm not open, what people do," Thomsen said. Sure, they can go to a house, he said, but "if [the residents] don't know you and it's dark, some of these people are not going to be eager to open their door."

Thomsen is crossing his fingers that the nearest pay phone, nine miles away, doesn't get carted off as well.

Over in Goodyears Bar in scantily populated Sierra County, Cheryl Morse tried without success to get Pacific Bell to reinstall the public phone that was removed in late 1999 from the spot where it had stood for at least two decades, next to an old one-room schoolhouse.

"Tragedies happen, and we need that phone booth there. It's that simple," she said. Cell phones don't work in the little enclave, next to a fork of the Yuba River popular with rafters. "It's just scary that there is no phone there now for any kind of emergency," Morse said. "That river is used a lot."

Pacific Bell is in the process of taking out about 22,000 of the 140,000 pay phones it owns in California. Other companies are pulling out some of their public phones.

There are now 258,658 pay phones in California, compared with 270,000 a year ago, according to the state Public Utilities Commission.

Pay phone owners say the shrinking numbers are a simple product of economics.

The cell phone explosion has stolen customers, and the growing use of 800

numbers and debit cards has made it harder for pay phone companies to collect fees from carriers.

Changes in federal regulations in 1996 also barred phone companies from subsidizing their pay phone divisions with revenue from other parts of their operation.

All that means that unprofitable pay phones are under scrutiny as never before.

"I think there's a lot of phone removal to come," said Thomas Keane, president of the California Pay Phone Assn. and chief executive of Pacific Coin, which owns pay phones in California, Arizona and Nevada.

The trend is evident across the country.

Vince Sandusky, president of the American Public Communications Council, which represents the pay phone industry, estimated that the number of pay phones peaked nationally in 1998 at 2.6 million. That figure has since fallen by more than 400,000.

Martin Garrick, who owns a small pay phone company in San Diego, goes so far as to characterize his industry as "a buggy whip business" on the wane because of market and technology forces.

"Having a pay phone that someone has to clean and repair every month when that's no longer subsidized is no longer feasible," he said.

Pacific Bell media relations director John Britton and other phone industry representatives pointed out that California does have a fund that will subsidize public phones if they are deemed necessary for public health

and safety.

The PUC said a number of applications to the fund are pending, but there are now only 75 such phones in the state.

And if a store owner or community really feels a pay phone is necessary, Garrick said, they can install their own for \$1,500 to \$2,000 and then pay monthly line fees of \$30 to \$50.

Indeed, Britton said that after Pacific Bell removed pay phones from campuses in a Bay Area school district, officials decided to lease seven phones to get them back on school grounds.

That's unlikely to happen at Pliocene Ridge Schools in the Sierra County hamlet of Pike.

"Ha ha," responded special education teacher Rayette Ringle when asked whether the school might replace the phone removed by Pacific Bell last year.

The 100 or so students at the small school, kindergarten through 12th grade, greatly miss the pay phone, she said. "It makes you feel like you're connected. It was scary to see it ripped out."

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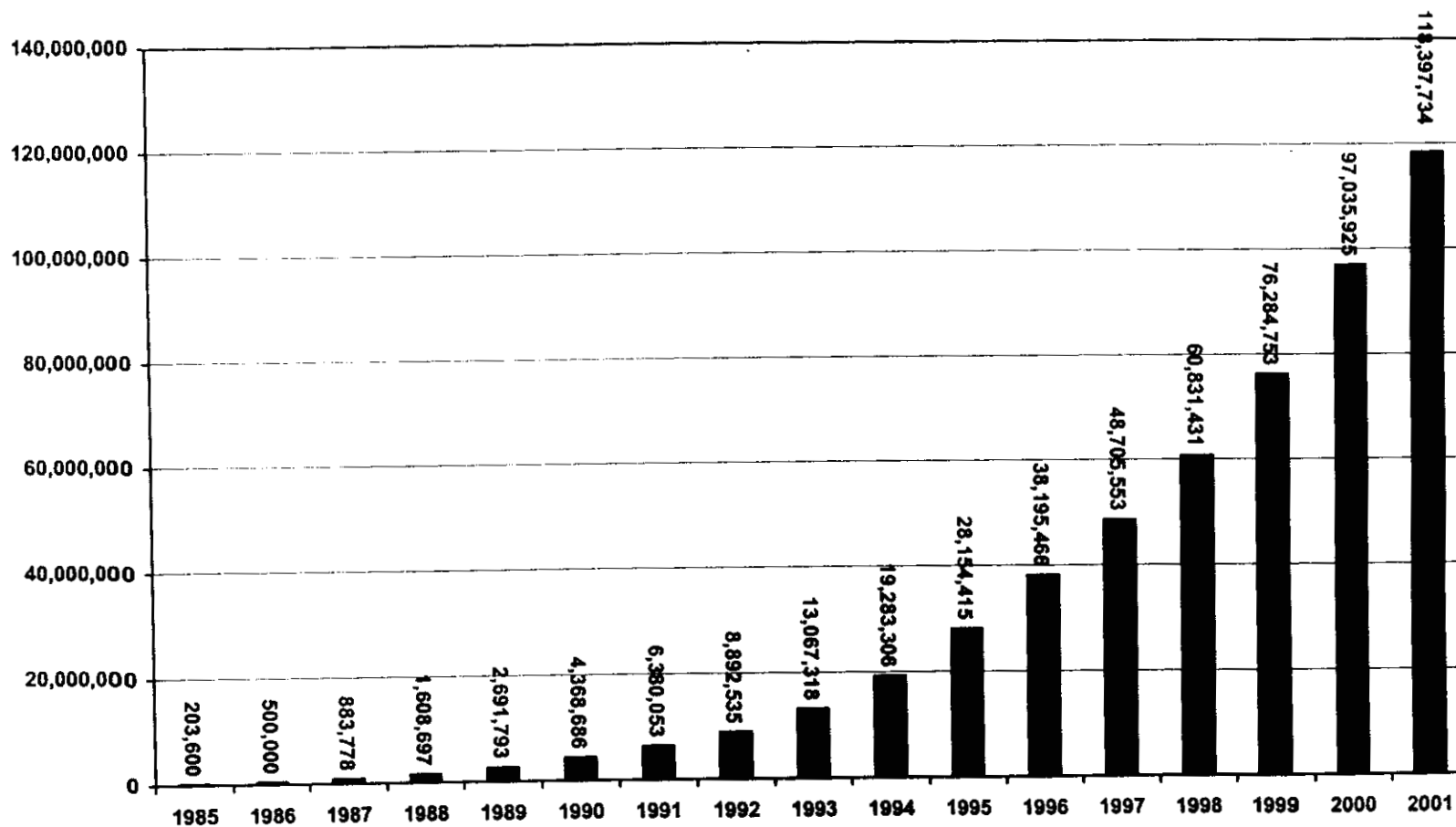
## ATTACHMENT 12



**CTIA**

*Building The Wireless Future™*  
Cellular Telecommunications & Internet Association

### Wireless Subscribership: June 1985 - June 2001



Subscribership is up 22.01 percent since June 2000

Source: CTIA



## ATTACHMENT 13

### Comparison of Payphone Deployment (1999-2001)

State	Payphones as of 3/31/99	Payphones as of 3/31/00	Payphones as of 3/31/01	% change from 1999 - 2000	% change from 2000 - 2001	% change from 1999 - 2001
Alabama	23,869	24,237	21,894	1.5%	-9.7%	-8.3%
Alaska	2,343	4,583	4,594	95.6%	0.2%	96.1%
Arizona	34,199	33,363	37,326	-2.4%	11.9%	9.1%
Arkansas	17,730	16,954	15,006	-4.4%	-11.5%	-15.4%
California	294,734	267,956	246,580	-9.1%	-8.0%	-16.3%
Colorado	27,151	27,035	25,863	-0.4%	-4.3%	-4.7%
Connecticut	23,556	25,941	24,197	10.1%	-6.7%	2.7%
Delaware	5,712	5,694	5,433	-0.3%	-4.6%	-4.9%
District of Columbia	10,366	10,505	8,635	1.3%	-17.8%	-16.7%
Florida	120,650	119,207	107,213	-1.2%	-10.1%	-11.1%
Georgia	56,453	61,519	58,222	9.0%	-5.4%	3.1%
Hawaii	8,670	8,943	8,196	3.1%	-8.4%	-5.5%
Idaho	7,031	6,854	6,435	-2.5%	-6.1%	-8.5%
Illinois	108,332	106,368	95,145	-1.8%	-10.6%	-12.2%
Indiana	43,384	42,429	38,114	-2.2%	-10.2%	-12.1%
Iowa	11,786	11,183	10,155	-5.1%	-9.2%	-13.8%
Kansas	19,667	16,949	15,881	-13.8%	-6.3%	-19.3%
Kentucky	26,552	19,233	21,244	-27.6%	10.5%	-20.0%
Louisiana	27,535	27,835	26,290	1.1%	-5.6%	-4.5%
Maine	7,524	7,496	6,980	-0.4%	-6.9%	-7.2%
Maryland	42,609	43,336	37,783	1.7%	-12.8%	-11.3%
Massachusetts	53,754	53,034	50,976	-1.3%	-3.9%	-5.2%
Michigan	88,226	83,159	69,361	-5.7%	-16.6%	-21.4%
Minnesota	20,898	16,831	20,621	-19.5%	22.5%	-1.3%
Mississippi	16,201	16,201	15,295	0.0%	-5.6%	-5.6%
Missouri	45,645	42,510	36,543	-6.9%	-14.0%	-19.9%
Montana	5,591	5,884	5,673	5.2%	-3.6%	1.5%
Nebraska	9,554	9,668	9,539	1.2%	-1.3%	-0.2%
Nevada	23,509	17,504	17,006	-25.5%	-2.8%	-27.7%
New Hampshire	7,938	8,132	7,851	2.4%	-3.5%	-1.1%
New Jersey	99,355	95,781	86,533	-3.6%	-9.7%	-12.9%
New Mexico	11,679	11,374	10,378	-2.6%	-8.8%	-11.1%
New York	186,217	171,098	175,045	-8.1%	2.3%	-6.0%
North Carolina	56,630	45,943	43,598	-18.9%	-5.1%	-23.0%
North Dakota	2,932	2,507	2,303	-14.5%	-8.1%	-21.5%
Ohio	33,054	71,266	68,850	115.6%	-3.4%	108.3%
Oklahoma	27,699	26,164	22,321	-5.5%	-14.7%	-19.4%
Oregon	21,898	21,659	20,780	-1.1%	-4.1%	-5.1%
Pennsylvania	90,313	90,603	84,209	0.3%	-7.1%	-6.8%
Rhode Island	7,602	8,935	8,287	17.5%	-7.3%	9.0%
South Carolina	26,133	28,444	26,053	8.8%	-8.4%	-0.3%
South Dakota	3,927	4,326	4,364	10.2%	0.9%	11.1%
Tennessee	35,338	38,929	31,593	10.2%	-18.8%	-10.6%
Texas	163,047	147,720	135,247	-9.4%	-8.4%	-17.1%
Utah	11,346	11,466	11,378	1.1%	-0.8%	0.3%
Vermont	3,714	3,761	3,593	1.3%	-4.5%	-3.3%
Virginia	61,876	57,621	49,378	-6.9%	-14.3%	-20.2%
Washington	35,646	34,368	34,274	-3.6%	-0.3%	-3.8%
West Virginia	11,490	11,704	11,017	1.9%	-5.9%	-4.1%
Wisconsin	36,712	35,383	32,623	-3.6%	-7.8%	-11.1%
Wyoming	3,749	3,868	3,765	3.2%	-2.7%	0.4%
<b>Total</b>	<b>2,121,526</b>	<b>2,063,463</b>	<b>1,919,640</b>	<b>-2.7%</b>	<b>-7.0%</b>	<b>-9.5%</b>



## ATTACHMENT 14

Northwest Florida Daily News (Fort Walton Beach, FL)  
04/15/2001

## Will pay phones become extinct?

By DUWAYNE ESCOBEDO, Daily News Contributing Writer

Across Northwest Florida, and the rest of the country too, pay phones are rapidly disappearing.

Sprint has pulled 12 percent of its pay phones locally. BellSouth announced in February it's ridding itself of all 143,000 of its pay phones in nine southeastern states, including 32,000 in Florida.

And some local independent pay phone providers estimate reductions anywhere from 10 percent a year to as much as half during the past three years.

Nationwide the number of pay phones has plummeted from 2.6 million to 2.1 million in the past five years, a nearly 24 percent drop.

Mike Jett, Pro Telecom Inc. president, operates about 700 pay phones from Fort Walton Beach to Tallahassee. The company also serves Alabama and Georgia. His company now maintains about half the number of phones it did just three years ago.

"I won't lie to you. It's been tough," he said. "More independent providers have gone out of business than have stayed in. But we plan to survive".

The first public pay phone was installed in 1889 and by 1902 about 80,000 existed. By 1960 more than 1 million were in operation. They often were the only phone in a community or rural area.

So, if there's no more phone booths, where will Clark Kent change into Superman in the 21st century?

The pay phone industry blames the 1996 Telecommunications Act that deregulated phone companies. Deregulation spurred calling cards, pre-paid calls, toll-free numbers and 10-10 dial-around numbers.

Pay phone operators were supposed to get 24 cents from the phone company handling the call but 20 to 50 percent of those revenues go uncollected, reports the American Public Communications Council, which represents about 1,600 independent pay phone companies. It's a loophole the Federal Communications Commission is planning to close, which could restore about \$300 million a year in revenue, the APCC said.

Plus, there's stiff competition from the explosion in popularity of cell phones, pagers, e-mail and other wireless communication devices.

Although some have predicted the pay phone going dead in 10 years, David Blumenthal expects a healthy dial tone for many years to come. The BellSouth spokesman said even though his company plans to pull the plug on all of its pay phones by the end of 2002, others will remain.

"We foresee there will always be a place for them," he says. "They'll be around another 100 years or more. People want alternatives".

Because of their convenience, public safety reasons and the fact that about 6 million Americans don't have a phone, local pay phone operators agree. Pay phone proponents also point out millions more don't have cell phones, wireless service is sometimes spotty and unreliable, and pay phones provide more secure lines than do cell phones.

Jason Duff said Sprint has no intention of following BellSouth's lead. The Sprint spokesman said his company began evaluating its pay phone system more than a year ago to determine which phones were profitable and would survive. Sprint refused to provide the exact number of pay phones it owns and how many it has cut, citing competitive reasons.

"There's a shift in the industry, yes, but we're a firm believer in pay phones," Duff said. "We're well positioned with BellSouth's departure, as one of the most well recognized brand names".

Duff said the almighty dollar isn't the only consideration by Sprint to subtract pay phones, however.

"If they are serving a public good, that is first and foremost," he said. "If there is no other service available but it is not profitable, more times than not, we'll leave it in".

Despite FCC rules revisions, which take effect in about a year, James Thomas would like to see an automatic charge of at least a quarter before a pay phone would begin working.

Thomas is manager of Public Phones Inc., which owns [pay phones] from Panama City to Pensacola. The independent carrier has reduced its number of pay phones by 10 percent a year over the last few years, while major pay phone companies like ETS have filed for bankruptcy.

"I'm not happy," he said. "I see the number of pay phones continuing to decrease. We have a lot of locations big companies would have because they don't generate enough to their bottom line. But if you're jogging in a city park and somebody is suffering from heatstroke and you need to call 911, how much is a pay phone worth then?"

#### NOTES

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